

Iowa Department of Human Services

Offer #401-HHS-002: Child Support Recovery Unit (CSRU)

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This offer is for:		This offer includes the following appropriations:
	New activity	CSRU, General Administration
X	Status quo existing activity	
	Improved existing activity	

Result(s) Addressed:

Primary Results

- **Establish paternity so that children have two parents legally responsible for their care**
 - Strengthen and support families
- **Secure an order for support so that both parents have a legal duty to provide support**
 - Strengthen and support families
- **Improve the percentage of child support collected in the month due so that a delinquency does not occur**
 - Strengthen and support families
 - Safe and healthy environment for children
 - Adequate food
 - Family income
- **Improve total collections**
 - Strengthen and support families
 - Safe and healthy environment for children
 - Adequate food
 - Family income

Program Description:

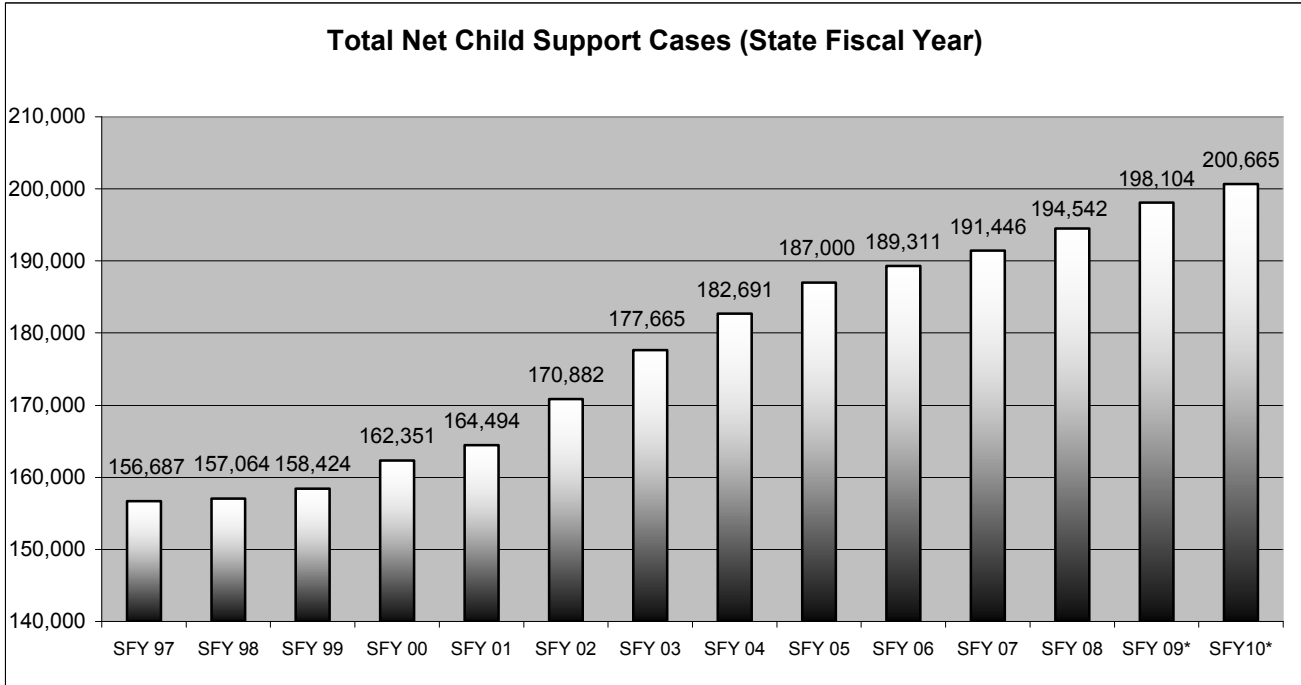
Who:

As required by Federal state plan requirements, CSRU serves people who are receiving public assistance, who received public assistance in the past, or who live in other states but need services from Iowa because the non-custodial parent lives or works here. Also served are those needing help even though they have never received public assistance when they apply and pay a \$25 application fee.

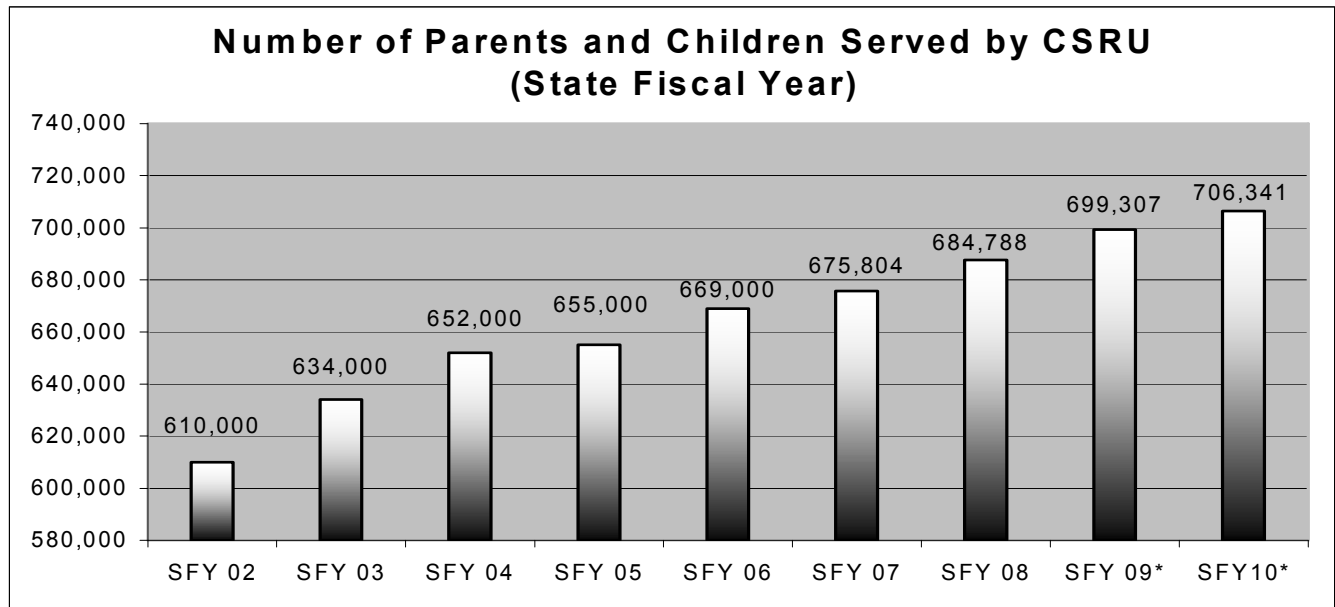
CSRU served 194,542 cases in SFY 2008. Those cases represent 684,788 parents and children. Of these:

- 10 percent are currently receiving public assistance benefits
- 57 percent formerly received benefits
- 33 percent never received public assistance

In June 2008, there were 49,343 medical assistance cases. By 2010, there will be a projected net increase of 3,121 cases representing approximately 10,986 additional parents and children.



**Projected caseloads.*



**Projected number of parents and children served.*

There are two main issues driving the growth in the number of children in need of support. The first is the divorce rate, and the second is the increasing number of children born out of marriage. In an effort to prevent the need for CSRU to become involved, special projects and grants work to increase and enhance involvement of parents with their children by providing parent/child activities, parental skills training, legal assistance/referral, financial counseling, and fathers support groups.

What:

All states participating in the Family Investment Program/Temporary Assistance for Needy Families (FIP/TANF) and IV-E foster care programs must have a child support recovery program. CSRU locates staff across the State to ensure compliance with Federal and State requirements for establishment and enforcement of child and medical support. The State's required match for operating costs of the program is 34%.

CSRU establishes paternity in out-of-wedlock births so that two parents are legally responsible for the children, as well as establishing child support and medical orders, which creates the legal authority to collect support and enforce health insurance for children. Collections for public assistance families are assigned to the State to help reimburse taxpayer costs. Customers can apply to have child and medical support orders modified. There are also limited special services to facilitate access and visitation and other parental activities to address barriers to the payment of support.

The Federal Deficit Reduction Act of 2005 substantially changed the way CSRU establishes and enforces medical support orders. Final Federal regulations were received in July 2008 that mandate states to seek orders for medical support from a parent who has affordable health insurance. If affordable health insurance is not available, cash medical support will be ordered.

How:

Establish paternity so that children have two parents legally responsible for their care.

For those children born outside of marriage, paternity can be established in one of three ways by: signing a paternity affidavit, obtaining an administrative paternity order, and judicially establishing paternity.

CSRU provides training and information to many Iowa hospitals to educate hospital staff about the importance of encouraging parents to complete a paternity affidavit, which legally establishes paternity at the time of a child's birth. CSRU also assists parents in completing paternity affidavits in the local offices. If a paternity affidavit is officially filed with the Bureau of Vital Records, CSRU can proceed to pursue a support obligation for that child.

SFY 2008	
Paternity affidavits filed for all children born out of wedlock in Iowa	10,895

Secure an order for support so that both parents have a legal duty to provide support.

Court orders are the legal basis needed before support can be collected. Support can be established at the same time as a paternity order, or if paternity is already legally established, support can be obtained administratively or judicially. Orders that are established include both child support and medical support obligations.

SFY 2008	
Orders established for paternity and support	8,433
Total number of court ordered cases	168,394
Number of cases with medical support ordered	104,199

Improve the percentage of child support collected in the month due so that a delinquency does not occur.

Child support collections help families with children be self-sufficient. In order to do this, states must be able to locate payors and payors' income providers and assets and then identify and implement the processes that can be used to secure support. To assist as many families as possible, states must first have a high percentage of cases with orders established. Then, those states that also have a high percentage of current support collections are helping the most families become self-sufficient. Of the ten states with the highest percentage of court ordered cases, Iowa ranks fourth in the percentage of current child support collected when the family needs it most, in the month it is due.

**States with the Highest
Percentage of Court
Ordered Cases
FFY 2006 – Audited Data***

	Percent of cases with orders
South Dakota	92.98%
Alaska	92.24%
Washington	89.86%
Wyoming	89.09%
Montana	87.96%
Utah	87.83%
Maine	87.67%
North Dakota	87.50%
Colorado	86.29%
Iowa	85.87%

**Current Collections of the States with
the Highest Percentage of Court
Ordered Cases
FFY 2006 – Audited Data***

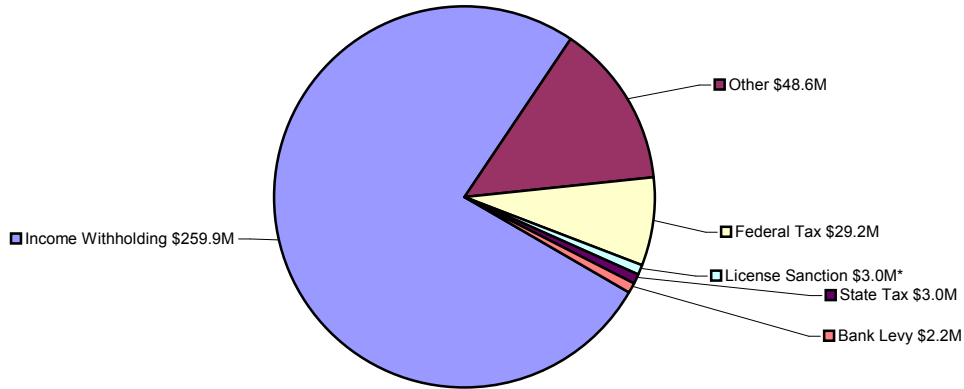
	Percent of current collections
North Dakota	73.42%
South Dakota	69.47%
Wyoming	65.85%
Iowa	65.66%
Washington	64.33%
Utah	63.57%
Montana	61.49%
Maine	61.05%
Colorado	59.09%
Alaska	54.90%

*The FFY 2007 audited report has not been released for all states. Iowa's FFY 2007 data has been federally determined to meet data reliability standards. Iowa's FFY 2007 court ordered rate was 85.93% and Iowa's current support collections rate was 68.18%.

Improve total collections

About 75% of the total collections came from income withholding orders, which requires sending income withholding notices to secure the collections. In SFY 2008, employers reported over 812,117 newly hired employees, of which, income withholding collections were secured on almost 9 percent of these newly hired employees. Income withholding information and other collection methods are listed below:

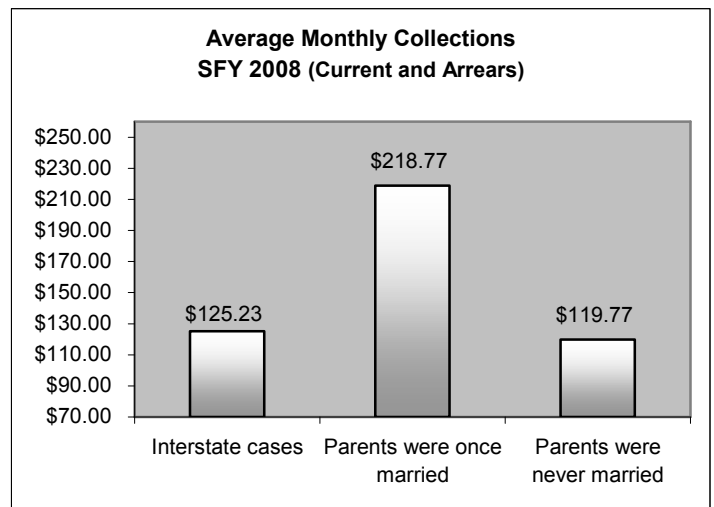
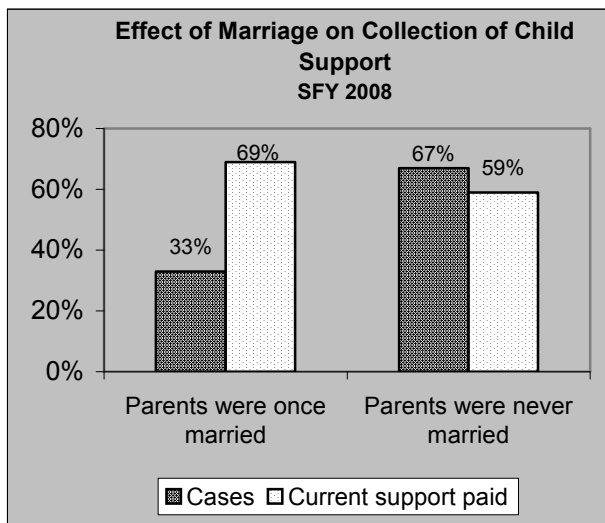
SFY 2008 Collections



* License sanction collections are limited to collections received in the first 3 months after the official notice or the certificate of noncompliance is sent.

Strategies used to improve collections are:

- Focus on customer service
- Enhance ability to locate payors and their assets
- Fatherhood – emphasis on grants/community work
- Interstate focus
- Focus on an “easy to do business” relationship with employers



Other services provided

Support can be modified through four different processes including Review and Adjustment, Administrative Modification, Cost of Living Alteration, and Suspension of Support.

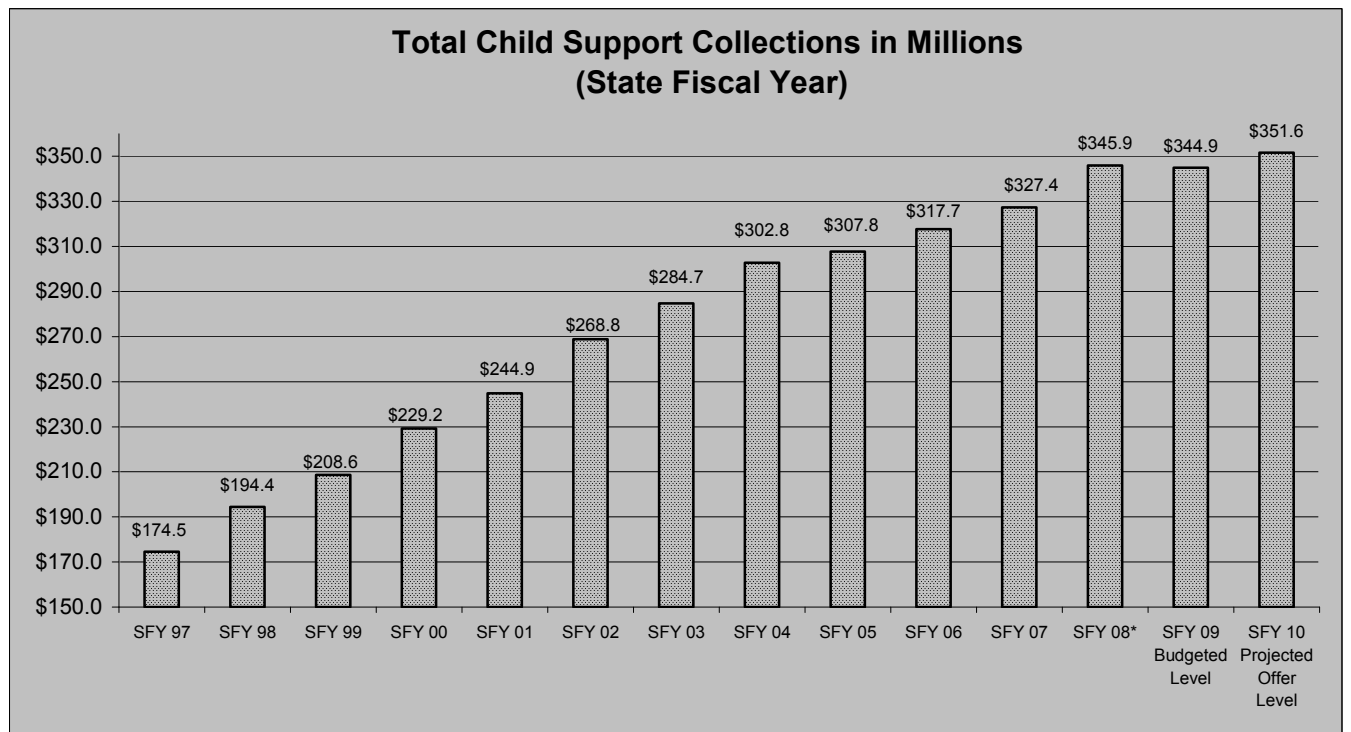
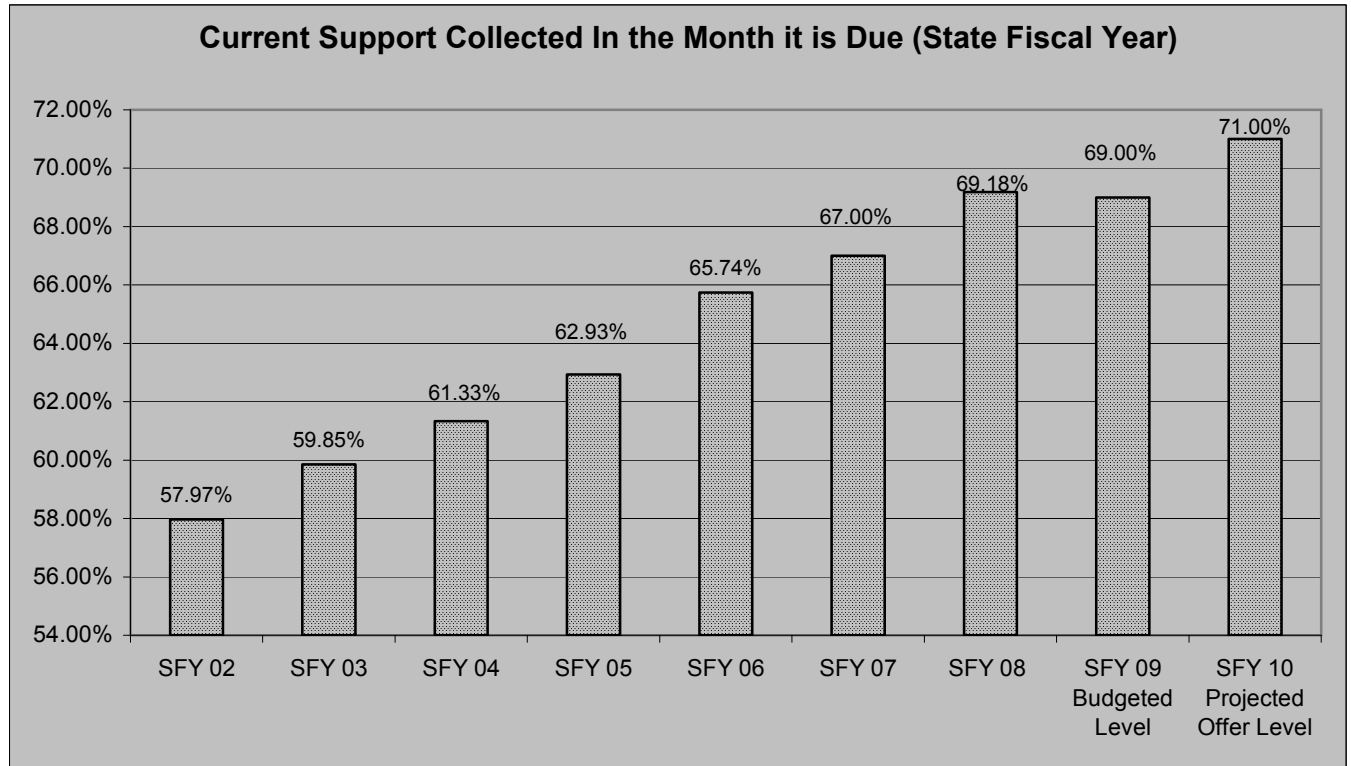
SFY 2008	
Estimate of cases in which notices were sent for opportunity to review and adjust the court-ordered amount	50,768
Requests received and worked	9,968
Orders modified	4,781

General administration provides oversight and support for policy, fiscal and data management, and human resources and personnel support.

SFY 2008	Number of Actions
New income withholding orders filed	33,832
Income withholding notices sent to employers	159,844
Payors certified for federal tax refund offset	74,724
Payors certified for state tax refund offset	105,875
Administrative levy notices sent to financial institutions to collect child support from bank accounts	10,248
License sanction notices issued to payors (driver's licenses, vehicle registration, fishing and hunting licenses, and professional licenses)	23,686
Notices sent to intercept insurance payments	757
Referrals to the US Attorney for federal prosecution	235
Referrals to the Department of Revenue for those cases where other collection methods have been exhausted	5,172

Many aspects of Iowa's CSRU are recognized either nationally or statewide as innovative ideas:

- First state to establish a one-stop service center for employers and other income providers who withhold and remit support.
- First state to require electronic payment of child support through direct deposit or a special debit-like account.
- First state to open a joint office with other states (Nebraska and Illinois) to process interstate cases.
- Launched an employer website where employers make payments online, report new hires, and report terminations or absences.
- Recipient of an award for Exemplary Employer Website from the Federal Office of Child Support Enforcement.
- Received a competitive grant to transfer paper documents to electronic data transmittable with the Courts.
- Implemented an Alternative to Contempt program that diverts severely non-compliant non-custodial parents away from serving time in jail and into a comprehensive case management system that identifies and removes their barriers to paying child support.
- Incorporated a statewide practice of focusing on customer service while establishing and modifying orders by using a holistic customer-friendly "Connections Equals Collections" approach.



* Reflects one-time federal economic stimulus payments received in the spring of 2008.

The caseload has increased over 14 percent from SFY 2002 to 2008 while total collections have increased over 29 percent. Support collected in the month it is due has increased 25 percent over the same time period.

Increase in:	2002	2008	2002 to 2008 Percentage Increase
Caseload	170,882	194,542	14%
Current Support Paid in the Month Due	57.97%	69.18%	25%
Collections	\$268,804,700	\$345,964,491	29%

Offer Description:

When parents do not live in the same household, income from both parents is needed to provide for a child's basic needs. CSRU secures paternity and orders for support and then enforces the orders. Monthly child support income strengthens and supports Iowa families to be able to provide these basic needs. Without this important income, parents struggle to provide a safe and healthy environment and adequate food for their children. Some parents must seek help from FIP and Medicaid.

Of the child support payments CSRU collects, a small percentage is used to reimburse the State of Iowa and Federal government for public assistance expended. The majority of the support collected is sent directly to families. The average monthly obligation for cases enforced by CSRU is just over \$268*. When CSRU is able to collect the entire amount of the obligation, it helps address the \$178.17* average monthly grocery bill and \$123.75 average monthly health care expense for low-income families.

**This information obtained from Consumer Expenditures in 2006, U.S. Department of Labor, U.S. Bureau of Labor Statistics, Report 998, February 2007.*

Today's Activities and Results

CSRU currently has two successful programs that work toward improving the collection of child support in less traditional methods.

- **Parental Obligation Pilot Programs**

Parental Obligation Pilot Programs (POPP) assist low-income non-custodial parents to address barriers to paying the support children need. Barriers include employment and relationship obstacles. Participants entering and maintaining involvement in services receive incentives that reduce the delinquency if they pay current support. Projects are competitive and move across decategorization and empowerment communities.

The three organizations that participated in POPP in 2008 had a total of 323 participants and were able to exceed the program's minimum outcome requirements by having an average of:

- 90.8% of their participants maintain or improve their level of financial support for their children;
- 89% of their participants report improved joint parenting.

The funding for these projects is provided by TANF (\$250,000).

- **Alternative to Contempt**

CSRU and the judiciary branch expanded their partnership to include an innovative approach to securing child support payments from payors with large delinquencies. This program, established in April 2005, enables CSRU, the Court, and parents to identify and eliminate payment barriers such as job skills, literacy, transportation, substance abuse, housing, mental health, and parenting skills in an effort to help the payor avoid serving time in jail. This program is now active in 2 judicial districts with over 150 active participants. The participants who completed the program and are found to be in substantial compliance by the Courts continue to pay an average of \$417.05 in monthly child support payments. In contrast, of the 27 participants who went to jail in SFY 2008, have child support payments averaging only \$29.03 per month.

Through SFY 2008, over \$428,563 in child support has been collected from program participants as well as another \$263,145 in child support forgiven by the custodial parent. The program has also aided participants to avoid over 8,897 days of jail time with an estimated savings of \$444,850 to the counties.

The funding for these projects is provided by TANF (\$200,000).

- **Sustaining Operations**

CSRU must meet the challenges related to medical support mandates, increased energy costs and increases in our customer base and operating costs. CSRU will endeavor to meet these challenges as a result of securing savings in the reduction of the cost to operate our federally certified computer system by an in-depth review of the timing of programs being run and a thorough examination of program frequency in order to maximize efficiency in the operation of the computer system. CSRU will also rework processes to identify efficiencies that can be used to fund essential services.

Offer Justification:

Legal Requirements:

Federal:

All states must provide child support services in order to receive Federal TANF funds.¹ Iowa's TANF funds are approximately \$131M annually. In addition, no less than 90% of the children served by the child support program must have paternity established to avoid a penalty to the state's Federal TANF funds.²

State:

CSRU must provide establishment and enforcement services for public assistance and non-assistance cases.³

¹ 42 U.S.C. 602(a)(2)

² According to TANF Maintenance of Effort (MOE) requirements.

³ The laws, rules and regulations governing the activities of CSRU are found at Iowa Code Chapter 252B, 252D, and 252E, and IAC – Chapters 95, 96, 97, 98 and Iowa Code Chapter 252F Iowa Administrative Code 441-99.21 through 99.32.

Rationale:

Child support will meet mandates and increased operational costs as a result of securing savings in the reduction of the cost to operate our federally certified computer system. This will require an in-depth review of the timing of programs being run and a thorough examination of program frequency in order to maximize efficiency in the operation of the computer system. Also rework processes to identify efficiencies that can be used to fund essential services.

Many families rely on the monthly child support they are receiving to purchase groceries, pay the rent or mortgage, and buy clothes and shoes. This dependable monthly child support income is essential for parents to provide a safe and healthy environment for their children to grow up.

Results:

Secure \$323.5M for families, \$26.5M for TANF, and \$1.6M for Foster Care (state and federal portions).

Result:	SFY 2008 Actual Level	SFY 2009 Budgeted Level	SFY 2010 Offer Level
Percentage of cases with paternity established so that children have two parents legally responsible for their care. <ul style="list-style-type: none"> Strengthen and support families 	90%	90%	90%
Percentage of cases with a court order so that there is an obligation to provide support. <ul style="list-style-type: none"> Strengthen and support families 	85.89%	85%	85%
Percentage of child support collected in the month due and not delinquent. <ul style="list-style-type: none"> Strengthen and support families Safe and healthy environment for children Adequate food Family income 	69.18%	69%	71%
Total Collections <ul style="list-style-type: none"> Strengthen and support families Safe and healthy environment for children Adequate food Family income 	\$345M*	\$344.9M	\$351.6M

* Reflects one-time federal economic stimulus payments received in the spring of 2008.

These results assume the level of funding requested in the offer as well as full funding of salary adjustment. If funding is insufficient in either area, results to be achieved will be modified to reflect the impact. The offer also assumes continued economic growth. This offer also assumes no further changes to the policy base.